

additions, by disturbing that equilibrium, obviously depress the price. Its price within a few years has shown a diminution of £31, in respect of each £100 of stock. One of our principal assurance companies made a fortune over a hundred years ago by purchasing Consols when the value had receded to about £48 per £100. (On the 1st of June, 1797, Consols, which then paid 3 per cent interest, stood at 47½, and on the 23rd of August, 1798, at 47½.)

Independent of purchases in the market by the operation of the Sinking-fund, these stocks may be regarded as practically irredeemable—a perpetual annuity of the interest attached, but liable to diminution under circumstances favourable to the National credit, for although they may be redeemed at par (£100) after a specified date at the option of the Government, the process would in all probability be adopted of substituting stock at a reduced rate of interest.

2. Local Loans Stock and Guaranteed Irish Land Bonds are well deserving of attention. A remark is suggested with respect to redemption. In the lists issued by stockbrokers, which I have seen, the year of redemption of Local Loans Stock, for example, is (from exigency of space) stated to be 1912; in the official list the statement is "not redeemable before 1912." The investor would naturally, I think, understand these references to mean that the stock would be paid off in the year mentioned, and he would thus probably base his calculation of its total yield on that apparently clear assumption; if, for example, he purchased at 96 he would naturally suppose that in four years' time (from 1908) he would receive, besides the intermediate payment of the interest, the additional bonus of X4 (the excess, namely, of the redemption amount of £100 over the price at which he had bought). His calculation would then stand as follows: £3 on each £96 signifies a return of £3 2s. 6d. per cent per annum; the £4 on redemption is equivalent (at 3 per cent) to an annuity of 19s. 1d. for the period of four years, so that his total annual receipt for that time would be £3 19s. 1d., or about £4 2s. 4d. per cent. A reference, however, to any book of authority (containing fuller

details) would disclose the fact that the stock was issued on fche condition that redemption